Government of Saskatchewan

Financial Statement 2002-2003

Southeast Regional College

For the fiscal year ending
June 30, 2003

Saskatchewan
Our Future is Wide Open

104-00717/

Letter of Transmittal

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Your Honour:

I have the honour to submit for your consideration the Financial Statements of the Southeast Regional College for the year ending June 30, 2003.

Respectfully submitted,

Judy Junor
Minister of Learning

EPR
CONSULTING
Certified General Accountants

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Taxation Compliance and Planning
Trust and Estate Planning
Management Advisory Services
Accounting and Auditing
Corporate Reorganization

AUDITOR'S REPORT

To the Directors of Southeast Regional College:

We have audited the statement of financial position of Southeast Regional College as at June 30, 2003, and the statements of operations, changes in net assets and cash flows for the year then ended. The College is responsible for preparing these Financial Statements for the Treasury Board's approval. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

In our opinion, these Financial Statements present fairly, in all material respects, the financial position of the College as at June 30, 2003, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Weyburn, Saskatchewan
August 13, 2003

Evanoff Parrault Robertson

EPR Certified General Accountants

Southeast Regional College
Statement of Management Responsibility

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and are in compliance with the provisions of legislation and related authorities. When alternative accounting methods exist, management has chose those it deems most appropriate in the circumstances. Financial statements are not precise because they include certain amounts based on estimates and judgments.

In fulfilling it responsibilities and recognizing the limits inherent in all systems, the management has developed and maintains a system of internal control designed to provide reasonable assurance that College assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors of the College is responsible for the review and approval of the financial statements, and ensures management fulfils it financial reporting responsibilities. The Board meets with management and with the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Board with and without the presence of management.

The financial statements have been audited by EPR Certified General Accountants. The Auditors' Report outlines the scope of their examination and provides their option on the fairness of the presentation of the information in the financial statements.

President

Director, Finance and Administration

August 13, 2003

Southeast Regional College
Statement of Financial Position
as at June 30, 2003

	2003			2002
	Operating	Capital	Total	Total
Assets				
Current Assets				
Cash	$ 1,223,558	$ 42,217	**$ 1,265,775**	$ 667,537
Temporary investments	773,851	-	**773,851**	773,851
Accounts receivable (note 3)	298,194	-	**298,194**	384,876
Prepaid expenses	87,719	-	**87,719**	69,202
	2,383,322	42,217	**2,425,539**	1,895,466
Non-current Assets				
Capital assets (note 4)	-	897,121	**897,121**	1,131,732
Deferred rent (note 5)	-	75,000	**75,000**	90,000
	-	972,121	**972,121**	1,221,732
	$ 2,383,322	$ 1,014,338	**$ 3,397,660**	$ 3,117,198
Liabilities				
Current Liabilities				
Accrued salaries and benefits (note 6)	$ 124,075	$ -	**$ 124,075**	$ 201,367
Accounts payable & accrued liabilities	250,764	-	**250,764**	355,147
Unearned revenue (note 7)	720,460	-	**720,460**	624,142
	1,095,299	-	**1,095,299**	1,180,656
Net Assets				
Invested in capital assets	-	972,121	**972,121**	1,221,732
Externally restricted (note 8)	-	42,217	**42,217**	51,615
Internally restricted (note 8)	514,077	-	**514,077**	480,554
Unrestricted	773,946	-	**773,946**	182,641
	1,288,023	1,014,338	**2,302,361**	1,936,542
	$ 2,383,322	$ 1,014,338	**$ 3,397,660**	$ 3,117,198

Approved on behalf of the Board

Approved on behalf of the Board

The accompanying notes form an integral part of these financial statements

Southeast Regional College
Statement of Operations
for the year ended June 30, 2003

	Budget 2003 (note 9)	2003	2002	2003	2002	2003	2002 (note 14)
		Operating		Capital		**Total**	Total
Revenues (Schedule 1)							
Provincial government	$ 4,215,358	$ 3,675,171	$ 4,027,086	$ 77,000	$ 187,829	**$ 3,752,171**	$ 4,214,915
Federal government	-	11,420	-	-	-	**11,420**	-
Other revenue	1,622,512	1,876,241	1,781,227	4,110	47,070	**1,880,351**	1,828,297
Total revenues	5,837,870	5,562,832	5,808,313	81,110	234,899	**5,643,942**	6,043,212
Expenses (Schedule 2)							
Agency contracts	1,591,604	1,383,622	1,492,619	-	-	**1,383,622**	1,492,619
Amortization	308,628	-	-	302,374	312,316	**302,374**	312,316
Equipment	95,360	19,568	201,604	-	(28,648)	**19,568**	172,956
Facilities	186,768	270,780	188,650	-	-	**270,780**	188,650
Information technology	88,485	90,157	49,212	-	-	**90,157**	49,212
Operating (Schedule 3)	1,242,808	799,454	1,084,421	1,114	-	**800,568**	1,084,421
Personal services	2,532,337	2,411,054	2,813,893	-	-	**2,411,054**	2,813,893
Total expenses	6,045,990	4,974,635	5,830,399	303,488	283,668	**5,278,123**	6,114,067
Excess (deficiency) of revenues over expenses	$ (208,120)	$ 588,197	$ (22,086)	$ (222,378)	$ (48,769)	**$ 365,819**	$ (70,855)

The accompanying notes form an integral part of these financial statements

Southeast Regional College
Statement of Changes in Net Assets
for the year ended June 30, 2003

	2003			2003	2002
	Invested in capital assets	Restricted	Unrestricted	**Total**	Total
Excess (Deficiency) of revenue over expenses	$ (222,378)	$ -	$ 588,197	$ 365,819	$ (70,855)
Net assets, beginning of year	1,221,732	532,169	182,641	1,936,542	2,007,397
Interfund transfers:					
Invested in capital assets	53,877	(53,877)	-	-	-
Externally imposed restrictions (note 8)	-	(3,108)	3,108	-	-
Internally imposed restrictions (note 8)	(81,110)	81,110	-	-	-
Net assets, end of year	$ 972,121	$ 556,294	$ 773,946	$ 2,302,361	$ 1,936,542

Restricted details:

	Beginning Balances	To Restricted	From Restricted	Ending Balance
Externally Restricted				
Technology Enchanced Learning pilot project	$ 48,507		$ 6,290	$ 42,217
Encana Learning Lab	3,108		3,108	-
	51,615	-	9,398	42,217
Internally Restricted				
Program computer fund	346,977		346,977	-
Equipment & facility fund	5,166		5,166	-
Program development fund	78,411		78,411	-
Educational development fund	50,000		50,000	-
Reserve contingency fund	-	91,711		91,711
Information technology fund	-	294,110	33,250	260,860
Facility fund	-	122,166	7,277	114,889
Furniture and equipment fund	-	53,677	7,060	46,617
	480,554	561,664	528,141	514,077
	$ 532,169	$ 561,664	$ 537,539	$ 556,294

The accompanying notes form an integral part of these financial statements

Southeast Regional College
Statement of Cash Flows
for the year ended June 30, 2003

	2003	2002
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	$ 365,819	$ (70,855)
Loss on disposal of assets	1,114	-
Amortization of capital assets	287,374	297,316
Amortization of deferred rent	15,000	15,000
	669,307	241,461
Decrease in accounts receivable	86,682	602,783
(Increase) in prepaid expenses	(18,517)	(27,667)
(Decrease) increase in accrued salaries and benefits	(77,292)	9,671
(Decrease) in accounts payable and accrued liabilites	(104,383)	(465,856)
Increase (decrease) in unearned revenue	96,318	(34,111)
Cash provided from operating activities	652,115	326,281
Cash flows from investing activities		
Purchase of capital assets	(53,877)	(331,585)
Cash used in investing activities	(53,877)	(331,585)
Net increase (decrease) in cash and temporary investments	598,238	(5,304)
Cash and temporary investments, beginning of year	1,441,388	1,446,692
Cash and temporary investments, end of year	$ 2,039,626	$ 1,441,388

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

1. General Information

The Southeast Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*. The Board of the Southeast Regional College is responsible for administering and managing the educational affairs of the College in accordance with *The Regional Colleges Act* and its regulations.

The College's objectives are to promote the social, economic and cultural development of Southeastern Saskatchewan by facilitating learning options in partnership with community groups and businesses.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

a) Fund Accounting

Funds are a separate self-balancing set of accounts for each accounting entity established within the accounting system, which segregate the transactions of a particular activity, as follows:

i. The Operating Fund accounts for the organization's programs delivery and administrative activities. The fund reports unrestricted resources and restricted operating and program grants.

ii. The Capital Fund reports the assets, liabilities, revenues and expenses related to the capital assets of the College.

b) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund, in the year to which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund, in the year received.

Unrestricted contributions are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated, and collection is reasonably assured.

Investment income earned from the resources of internally restricted funds, is recorded as income in the Operating Fund.

Tuition, fee and contractual revenue is recognized as revenue of the Operating Fund in the period in which the related expenses are incurred.

c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight line basis over the estimated useful lives of the assets, and recorded as an expense in the capital fund, for the categories listed below:

Leasehold improvements	over the life of the lease, to which they relate
Program equipment and office equipment	5 years
Computer hardware and systems software	3 years
Office Furniture	10 years

3. Accounts Receivable

Accounts receivable are composed of the following:

	2003	2002
	$	$
Saskatchewan Learning	**118,806**	179,920
Government of Saskatchewan-other	**1,173**	4,996
Other less allowance for doubtful accounts (2003-$21,328, 2002-$36,368)	**178,215**	199,960
	298,194	384,876

4. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2003	2002
	$	$	$	$
Buildings	6,132	307	5,825	-
Leasehold improvements	1,049,160	312,237	736,923	840,694
Program equipment	287,275	237,895	49,380	69,417
Computer hardware-programs	445,689	399,894	45,795	103,728
Computer hardware-admin	271,301	245,719	25,582	58,863
Office equipment	23,671	19,799	3,872	6,704
Office furniture	84,809	55,065	29,744	36,908
System software	196,395	196,395	-	15,418
	2,364,432	1,467,311	897,121	1,131,732

In 2003, a write down due to obsolescence of capital assets reduced both the cost and accumulated depreciation by $509,485.

5. Deferred Rent

The college entered into a lease for facilities for a period of 10 years in 1998. A condition of the lease required an advance payment of $150,000 to the lessor of the premises. The payment has been recorded as deferred rent and will be amortized over the term of the lease at the rate of $15,000 per year.

6. Accrued Salaries and Benefits

Accrued salaries and benefits of $124,075 (2002, $201,367) representing retroactive salary adjustments and vacation earned by employees but not yet paid, has been calculated and recorded in the accounts.

7. Unearned Revenue

Unearned revenue represents restricted funding for operating grants and program payments received in the current period, for operations of the subsequent period as follows:

	2003	2002
	$	$
Saskatchewan Learning	**651,037**	618,452
Federal Government	**8,620**	-
Other	**60,803**	5,690
	720,460	624,142

8. Restrictions on Net Assets

The Board of Governors have placed internal restrictions on certain net assets to be used for future expenditures as indicated on Statement 3. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

External restrictions consist of $42,217 (2002, $48,507) for equipment purchases under the Technology Enhanced Learning Pilot Project. Funds restricted in 2002 of $3,108, for leasehold improvements for the Encana (formerly PanCanadian) Learning Lab, were expended in the current year.

9. Budget Amounts

The budget amounts on the financial statements were prepared by Regional College Management and approved by the Board of Governors on June 5, 2002. The Minister approved the budget on June 28, 2002.

10. Related Party Transactions

Included in these financial statements are revenue and expenditures resulting from routine operating transactions conducted at agreed rates with various Crown controlled departments, agencies and corporations, with which the College is related. Accounts balances resulting from these transactions are included in the statements of financial position and operations. These transactions are settled on normal trade terms.

Transactions with related parties, incorporated in these financial statements, include the following:

Significant payments to related parties during the fiscal year:

	2003 $	2002 $
Association of Saskatchewan Regional Colleges	**26,969**	26,000
Saskatchewan Regional Colleges	**10,144**	1,791
SIAST	**539,226**	385,990
Saskatchewan Property Management Corp.	**46,618**	38,975
SaskTel	**84,375**	95,248
Sask Energy	**6,628**	15,395
University of Regina	**18,130**	41,670

Significant receipts from related parties during the fiscal year:

	2003 $	2002 $
Saskatchewan Regional Colleges	**63,338**	79,290
Saskatchewan Government Insurance	**10,708**	-
Sask Power	**89,234**	110,364
Sask Energy	**7,030**	10,258
SIAST	**26,927**	67,563
SCN	**95,366**	131,875
University of Regina	**15,676**	3,373
Workers' Compensation Board	**23,471**	16,970

11. Financial Instruments

Cash, temporary investments, accounts receivable, accounts payable and accrued salaries and benefits are all short term in nature, and as such, their carrying value approximates fair value.

The College is exposed to credit risk from non-payment of accounts receivable. Credit risk is minimal for amounts due from Saskatchewan Learning, the Government of Canada, and other educational institutions. All other receivables are reported at estimated net realizable value.

12. Pension Plans

Employees of the College are members of the Teachers' Superannuation Plan, the Saskatchewan Teachers Retirement Plan or a defined contribution plan established by the Southeast Regional College. The College's obligations under these arrangements are limited to matching employee's contributions of the defined contribution plan established by the Southeast Regional College. Pension contributions for 2003 totaled $89,813 (2002, $102,055).

13. Lease Commitments

The College has obligations for leases of office equipment and premises. Future minimum payments for the next five years total $972,105 with the following annual payments:

Year	$
2004	203,831
2005	197,766
2006	191,700
2007	189,404
2008	189,404

14. Restated Amounts

Certain of the comparative figures in the financial statements, schedules and notes have been restated to conform to current year presentation.

Southeast Regional College
Schedule of Operating Fund Revenues by Function
for the year ended June 30, 2003

	2003								2003	2003 Budget (note 9)	2002 (note 14)
	General	Skills Training		Basic Education		University	Services				
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	Total	Total	Total
Provincial Government											
Saskatchewan Learning											
Base grant	$ 1,911,003	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 1,911,003**	$ 1,912,731	$ 1,875,817
Program payments	40,000	1,078,994	-	441,820	-	-	4,295	30,000	**1,595,109**	1,986,653	1,754,955
Other	4,298	-	-	35,567	31,215	-	50,000	43,225	**164,305**	315,975	388,023
	1,955,301	1,078,994	-	477,387	31,215		54,295	73,225	**3,670,417**	4,215,359	4,018,795
Other Provincial	2,422	-	-	-	-	-	-	2,332	**4,754**	-	8,291
	1,957,723	1,078,994	-	477,387	31,215	-	54,295	75,557	**3,675,171**	4,215,359	4,027,086
Federal Government											
Admin recovery	-	-	-	-	-	-	-	-	-	-	-
Seat purchases	-	-	-	-	-	-	-	-	-	-	-
Projects	11,420	-	-	-	-	-	-	-	**11,420**	-	-
Other	-	-	-	-	-	-	-	-	-		-
	11,420	-	-	-	-	-	-	-	**11,420**	-	-
Other Revenue											
Admin recovery	-	-	-	-	-	-	-	-	-	-	-
Contracts	-	233,354	27,301	-	-	-	-	13,147	**273,802**	123,500	198,606
Interest	55,620	-	-	-	-	-	-	-	**55,620**	25,579	50,991
Rents	8,044	-	-	-	-	-	-	-	**8,044**	5,125	7,254
Resale Items	45	168,532	13,875	625	295	190	-	-	**183,562**	211,793	183,825
Tuitions	-	950,627	115,142	41,547	3,857	226,064	-	-	**1,337,237**	1,254,022	1,340,551
Other	17,976	-	-	-	-	-	-	-	**17,976**	2,492	-
	81,685	1,352,513	156,318	42,172	4,152	226,254	-	13,147	**1,876,241**	1,622,511	1,781,227
Total revenue	2,050,828	2,431,507	156,318	519,559	35,367	226,254	54,295	88,704	**5,562,832**	5,837,870	5,808,313
Total expenses (Schedule 2)	1,579,010	2,205,023	175,076	504,377	38,648	300,517	4,295	167,689	**4,974,635**	5,755,962	5,830,399
Excess (deficiency) of revenues over expenses	$ 471,818	$ 226,484	$ (18,758)	$ 15,182	$ (3,281)	$ (74,263)	$ 50,000	$ (78,985)	**$ 588,197**	$ 81,908	$ (22,086)

The accompanying notes form an integral part of these financial statements

EPR

Schedule 2

Southeast Regional College
Schedule of Operating Fund Expenses by Function
for the year ended June 30, 2003

	2003								2003	2003 Budget (note 9)	2002 (note 14)
	General	Skills Training		Basic Education		University	Services				
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	**Total**	Total	Total
Agency contracts	$ -	$ 1,092,355	$ 64,319	$ 845	$ 19,350	$ 206,753	$ -	$ -	**$ 1,383,622**	$1,591,604	$ 1,492,619
Equipment	(23,534)	38,891	18	32	-	159	3,395	607	**19,568**	113,960	201,604
Facilities	52,190	123,788	13,237	75,678	-	880	-	4,532	**270,305**	186,768	188,650
Information technology	50,211	33,690	1,080	40	475	-	-	5,138	**90,633**	88,485	49,212
Operating (Schedule 3)	339,278	338,313	35,313	26,176	4,662	33,511	900	21,301	**799,454**	1,242,808	1,084,421
Personal services	1,160,866	577,986	61,109	401,606	14,161	59,214	-	136,111	**2,411,053**	2,532,337	2,813,893
	$ 1,579,010	$ 2,205,023	$ 175,076	$ 504,377	$ 38,648	$ 300,517	$ 4,295	$ 167,689	$ 4,974,635	$ 5,755,962	$ 5,830,399
			$ 2,380,099		$ 543,025			$ 171,984			

The accompanying notes form an integral part of these financial statements

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Schedule 3

Southeast Regional College
Schedule of Operating Fund Expenses
for the year ended June 30, 2003

	2003 Total	2003 Budget (note 9) Total	2002 (note 14) Total
Advertising	$ 77,150	$ 133,685	$ 140,106
Association fees & dues	9,721	10,475	10,764
Bad debts	(7,683)	-	25,762
Financial services	3,499	1,155	1,939
In-service	30,494	88,970	50,416
Insurance	14,283	7,790	6,920
Materials & supplies	143,993	213,787	155,500
Printing & copying	4,254	18,455	10,273
Professional services	97,690	194,376	193,945
Resale items	147,033	205,640	173,877
Subscriptions	879	3,200	1,662
Telephone/fax	74,978	110,491	75,229
Travel	170,891	220,174	187,842
Other	32,272	34,610	50,186
	$ 799,454	$ 1,242,808	$ 1,084,421

The accompanying notes form an integral part of these financial statements

Southeast Regional College
Personal Service Listing
For the Year Ended June 30, 2003
"Unaudited"

Alelunas, Pat	$	2,679
Alexander, Sandy	$	84,950
Anderson, Lori	$	5,039
Bell, Candyce	$	3,998
Blenkin, Carol	$	4,800
Busby, Cheryl	$	52,894
Collins, Tom	$	3,080
Connery, Ila	$	72,046
Duncan, Margaret	$	3,874
Hunt, Renee	$	7,425
Jones, Judi	$	93,682
Knibbs, Leah	$	71,730
Ludtke, Terry	$	67,796
Mickleborough, Graham	$	105,016
Pruegger, Mary Anne	$	3,400
Russell, Carol	$	2,164
Storlie, Kelly	$	2,630
Ward, Cindy	$	3,369
Warren, Deanna	$	4,463
Unionized	$	1,531,753
Total	$	2,126,786

Southeast Regional College
Supplier Payment Listing
For the year ended June 30, 2003
"Unaudited"

Allstar Technologies Canada	$	27,021.96
Arresting You Ltd	$	22,257.07
Association of Saskatchewan Regional Colleges	$	26,968.65
Big Sky Farms Inc	$	31,750.00
CHS Enterprises Inc	$	52,655.53
Estevan Comprehensive School Board	$	86,646.00
Fast Consulting	$	40,769.25
Grand & Toy	$	29,508.37
Great-West Life Assurance Comp	$	20,170.70
London Life Insurance Company	$	170,960.93
Nagel's Audio Visual Sales	$	36,714.65
Perfect Inns	$	36,363.75
Petroleum Industry Training Service	$	72,095.61
Pipestone Feeders Ltd	$	22,500.00
Prairie Driver Training Service	$	218,285.00
Prairie Rubber Corporation	$	32,500.00
Receiver General of Canada	$	151,094.74
Robins Donuts/241 Pizza	$	43,076.73
Saskatchewan Property Management Corporation	$	41,697.55
Saskatchewan Blue Cross	$	73,892.62
SaskTel	$	84,374.99
SGEU Union Dues	$	23,111.57
SIAST Kelsey Campus	$	43,279.08
SIAST Pallliser Campus	$	54,950.55
SIAST Wascana Campus	$	407,592.64
SIAST Woodland Campus	$	32,565.44
Southeast Education Foundation	$	128,625.58
St. John Ambulance	$	24,551.05
West Central Pelleting	$	25,000.00
Western Trade Training Instititute	$	74,900.00
Weyburn Comprehensive School Board	$	89,585.82
Weyburn School Division #97	$	33,601.04
TOTAL	**$**	**2,259,066.87**